

## SUMMARY OF MATERIAL MODIFICATION

**Date:** March 26, 2021

**Plan Administrator:** Commonwealth of Kentucky

**Plan Name:** Kentucky Employees' Health Plan

**Plan Year:** January 1, 2021, through December 31, 2021

**Plan Document Amended:** Flexible Benefits Plan

**Amendment Summary:** The Commonwealth of Kentucky's 2021 Flexible Benefits Plan Document was amended to provide for the termination of a Health FSA and forfeiture of its funds when unused funds in the Health FSA have been carried over for two consecutive years and the Health FSA has been inactive for the two-year period.

**Description of Amendment:** The Commonwealth of Kentucky's 2020 Flexible Benefits Plan Document (Plan Document) provides for a carryover of unused amounts in a Health FSA. The Commonwealth's 2020 Flexible Benefits Plan was amended August 20, 2020, to increase the carryover amount to \$550 in response to IRS Notice 2020-33. Although the plan provides for a forfeiture of funds in excess of the limited carryover allowance, as of the date of this amendment, the Plan Document does not provide a mechanism to terminate Health FSAs that have had no activity year-over-year.

The Plan Document was amended to provide for the termination of a Health FSA and the forfeiture of funds in the Health FSA in the following circumstance: (1) when unused funds in the Health FSA have carried over for two consecutive years, including the Run Out Period of the second year, and (2) the Health FSA has had no administrative or claims activity for the two-year period (such as a claim for reimbursement or new election).